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Purpose

This document is aimed at providing you with key information regarding this specific investment product and should not be taken as marketing material. It is a legal requirement to provide this information in order to help you understand the nature, risks, costs, potential gains and losses related to this product and to enable you to compare this product against other products on offer.

Contract for difference («CFD») on a Cryptocurrency is offered by Admiral Markets AS («AM», «we» or «us»), a company registered in Estonia — registration number 10932555. Admiral Markets AS is authorised and regulated by the Estonian Financial Supervision Authority (EFSA) — activity license number 4.1-1/46. The registered office for Admiral Markets AS is: Maakri 19/1, 10145 Tallinn, Estonia. Please call +372 6309 300 or go to www.admiralmarkets.com for more information.

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⚠️ **You are about to purchase a product that is highly sophisticated and may be difficult to understand.**

What Is This Product?

Type A contract for difference («CFD») is a leveraged contract entered into with AM on a bilateral basis. It allows an investor to speculate on rising or falling prices in the underlying cryptocurrency.

An investor has the option to buy (or go «long») the CFD in an attempt to benefit from rising cryptocurrency prices; or to sell (or go «short») the CFD to benefit from falling cryptocurrency prices. CFD price is derived from that of the underlying cryptocurrency price. For example, if an investor is long in a Bitcoin CFD and the price of Bitcoin rises, the value of the CFD will increase in turn. Once the contract is over, AM will pay the investor the difference between the closing value of the contract and the opening value of the contract, i.e. the investor's profit. On the other hand, if an investor is long and the cash price of Bitcoin falls, the value of the CFD will decrease — so, at the end of the contract the investor will pay AM the difference between the closing value of the contract and the opening value of the contract.

Cryptocurrency CFDs must always be settled financially and cannot be settled by the physical or deliverable settlement of any other cryptocurrencies. CFD leverage also has a magnifying effect on both profits and losses.

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Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying cryptocurrency (whether that be upwards or downwards), without the need to actually buy, sell or otherwise transfer the underlying cryptocurrency. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin and is one of the key features of trading CFDs. For example, if an investor buys 2.0 CFDs, each representing 1 Ether, with an initial margin amount of 50% and an underlying cryptocurrency price of USD 500, the initial investment will be USD 500×2.0×1.0×50% = USD 500. The effect of leverage, in this case 1:2 (1 / 50%) has resulted in a notional value of the contract of USD 1,000 (USD 500 per Ether × 2.0 contracts × 1.0 Ether per contract). This means that for each 1 point change in the price (i.e. a change by 0.01) of the underlying cryptocurrency the value of the CFD changes by USD 0.02. For instance, if the investor is long and the market increases in value, a USD 0.02 profit will be made for every 1 point increase in that market. Conversely, if the market decreases in value, a USD 0.02 loss will be incurred for each point that the market decreases in value. On the other hand, if an investor holds a short position, a profit is made in-line with any decreases in that market, and a loss for any increases there.

The cryptocurrency CFD has a pre-defined contract term and expires every Friday, so this product has a maximum holding time of one 5-day business week.

Automatic closure of a CFD may occur if an investor fails to deposit additional funds with which to meet the margin requirement as a result of a negative price movement. This will occur when account's valuation (equity) decreases to a certain percentage of the initial margin amount. Additionally, automatic closure of the cryptocurrency CFD product occurs at a pre-defined time every Friday, and a new contract becomes available for trading starting from the session opening on the following Monday. AM also retains the ability to unilaterally terminate any CFD contract if it deems that the terms of the contract have been broken.

The Intended Retail Investor

This product is intended for investors who already have an understanding and previous experience in dealing with leveraged products. Commonly, before committing any capital investors will already understand how prices of CFDs are derived, have a clear grasp of the concepts of margin and leverage and understand the fact that losses may exceed deposits. They should also understand the risk/reward profile of the product when compared to that of share dealing. It is also obligatory for investors to have the appropriate financial means and ability to bear any and all losses in excess of the initial amount they've invested.

What Are the Potential Risks and Returns?

Risk Indicator

The risk indicator above is a summary of the level of risk that this product has when compared to other products. It signifies how likely it is that the product will lose money because of market movements or because we are not able to pay you.
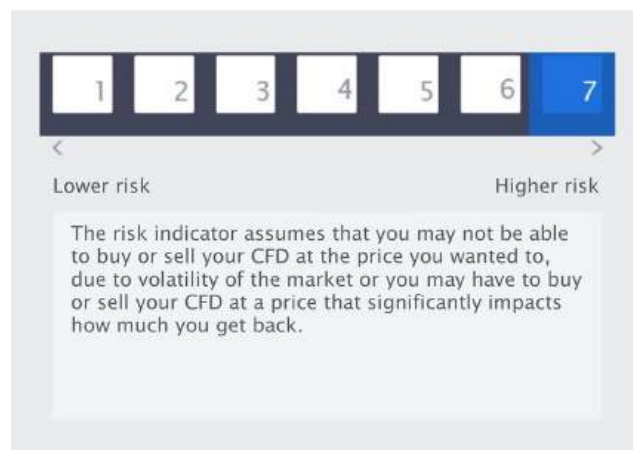
We have deemed this product to be 7 out of 7, which is the highest possible risk class. This rates the potential losses from future performance of the product at a very high level.

CFDs are leveraged products that, due to movements within the underlying market, can rapidly generate losses. Losses can exceed the invested amount and may, therefore, require the depositing of additional funds. AM offers a limited level of protection to retail investors, the Negative Account Balance Protection Policy. However, there are no means of protection of your capital against market risk, credit risk or liquidity risk.

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1   2   3   4   5   6   7
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Lower risk   Higher risk

The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to, due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you get back.

Be aware of currency risk. It is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final sum you may receive in return depends on the exchange rate between the two currencies. This risk has not been considered in the risk indicator you can see above. As stated, in some circumstances, you may be required to make further payments in order to pay for any losses that have occurred, meaning that **the total loss you may incur may significantly exceed the amount you invest.**

Conditions in the market may mean that your CFD trade on a cryptocurrency is closed at a less favourable price, which could significantly impact the level of returns you receive. We reserve the right to close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to AM, or if you contravene market regulations. This process may be automated.

Future market performance is not protected against, so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from an investor compensation fund (see the section «What happens if Admiral Markets AS is unable to pay you») and, as stated, also from the Negative Account Balance Protection Policy. The risk indicator you can see above does not consider these protections.

What Happens If Admiral Markets AS Is Unable to Pay Out?

If AM is unable to fulfill its financial obligations to you, you may lose the value of your investment. However, AM segregates all retail client funds from its own money. AM also participates in the Estonian guarantee fund (Tagatisfond) providing retail clients with additional financial protection. This fund will compensate 100% of deposits of Admiral Markets AS clients (up to EUR 20,000). Individuals and businesses meeting the Estonian Financial Supervision Authority's (EFSA) definition of a retail client are eligible. Generally-speaking, larger businesses are excluded from the compensation scheme. For the most updated information, refer to Guarantee fund's (Tagatisfond) official website — www.tf.ee.

What Are the Costs*?

Trading a CFD on an underlying cryptocurrency incurs the following costs:

This table shows the different types of cost categories and their meaning

One-off entry or exit costs	Spread	The difference between the buy price («offer price») and the sell price («bid price») is called the spread. This cost is realised each time you open and close a trade.
	Currency conversion	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account using the median prices of applicable FX pairs in the trading platform, where the median price is calculated as (offer price + bid price) / 2.
One-off entry or exit costs	Commission	A commission fee is charged on a per-trade basis on our cryptocurrency CFD products. For more details, please visit the Contract Specifications section of our website and select the required instrument in the look-up menu.
Ongoing costs	Holding cost	A fee is charged to your account for every 4 hours that your position is held, starting from 00:00 (EET). This means the longer you hold a position, the more it costs.
Incidental costs	Distributor fee	We may from time to time share a proportion of our spread, commissions and other account fees with other persons including a distributor that may have introduced you.

* **Please always check** Contract Specifications section and our Trading Calculator before proceeding with any kind of trading through our Company. By proceeding with such Trading it is accepted that you agree with the Costs.

Key Information Document — CFD on a Cryptocurrency

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How Long Should I Hold it and Can I Take Money Out Early?

As stated above, these products have no recommended holding period, nor cancellation period and, therefore, no cancellation fees. Opening and closing of a CFD on a cryptocurrency can be done at any time during market hours.

How Can I Complain If I Need To?

If you are dissatisfied with any aspect of the service provided to you by Admiral Markets AS, you may, in the first instance, contact our Client Management Team by phone: +372 6309 300; by email: info@admiralmarkets.ee; or in writing: Maakri 19/1, 10145 Tallinn, Estonia.

You can also refer to the European Commission's Online Dispute Resolution Platform.

Other Relevant Information

If there is a lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. You should ensure that your Internet connection is sufficiently strong before trading. The Documents and Policies section of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account.

Our contract specifications contain additional information on trading a CFD on an underlying cryptocurrency. These can be found on the trading platform and on the website www.admiralmarkets.com.